EXHIBIT 10

Financial Statements

Report

Atlantinc Security Bank

Years ended December 31, 2005 and 2004
with Independent Auditors' Report

CONTENTS

GENERAL INFORMATION

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Banks
Standard Chartered Bank
Banco de Credito del Peru – Miami Agency
Banco de Credito del Peru – Panama Branch
Banco de Credito del Peru – Lima
HSBC Bank USA
Bank of America, N.A.
Barclays Bank
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ERNST & YOUNG

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Report of Independent Auditors

The Directors
Atlantic Security Bank

We have audited the accompanying balance sheet of Atlantic Security Bank (the "Bank") as of December 31, 2005 and the related statements of income, changes in shareholder's equity and cash flows for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Atlantic Security Bank as of December 31, 2005, and the results of its operations, the changes in its shareholder's equity and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young

February 16, 2006

BALANCE SHEETS
December 31, 2005 and 2004

	Notes	*2005 US$000*	*2004 US$000*
ASSETS			
Cash and cash equivalents			
Cash		**35**	33
Interest – bearing deposits with banks	7	**78,574**	31,945
Overnight placements		**79,000**	25,000
Total cash and cash equivalents		**157,609**	56,978
Other interest- bearing deposits with banks	3, 7	**201,690**	142,405
Risk portfolio, net	4, 6, 7	**679,831**	602,302
Premises and equipment, net		**180**	266
Intangible asset, net	5	**809**	1,049
Accumulated interest receivable	7	**10,635**	8,289
Other assets		**3,750**	3,404
TOTAL ASSETS		**1,054,504**	814,693
LIABILITIES AND SHAREHOLDER'S EQUITY			
Liabilities			
Deposits			
Non interest- bearing – demand	7	**30,438**	34,454
Interest- bearing			
Demand	7	**60,213**	36,075
Time		**843,741**	618,878
Purchased funds		**3,364**	5,530
Other borrowed funds	6, 7	**2,971**	10,470
Forward currency contract	7, 13	**119**	-
Accumulated interest payable	7	**7,057**	4,981
Other liabilities	7	**4,352**	5,613
Total liabilities		**952,255**	716,001
Commitments and contingencies	10, 11, 13		
Shareholder's Equity			
Share capital	9	**40,000**	40,000
Reserve for valuation of available for sale financial assets	4, 13	**8,698**	9,926
Loss in translation of forward currency contracts	7, 13	**(119)**	-
Retained earnings		**53,670**	48,766
Total Shareholder's Equity		**102,249**	98,692
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		**1,054,504**	814,693

STATEMENTS OF INCOME

For the years ended December 31, 2005 and 2004

	Notes	*2005 US$000*	*2004 US$000*
Interest and dividend income			
Interest on deposits with banks and overnight placements		**15,675**	11,761
Interest and dividends on risk portfolio		**21,224**	17,289
Interest on loans		**9,871**	9,814
Total interest and dividend income	7	**46,770**	38,864
Interest expense			
Interest on deposits		**33,271**	23,722
Interest on borrowed funds		**168**	84
Interest on purchased funds		**172**	52
Total interest expense	7	**33,611**	23,858
Net interest income		**13,159**	15,006
Provision for possible loan losses	4	**-**	(1,187)
Net interest income after provision for possible loan losses		**13,159**	13,819
Non-interest income (expenses)			
Fees and commission income	7	**6,978**	6,449
Fees and commission expense	7	**(2,056)**	(2,096)
Net realized gains on sales of financial assets	4	**3,887**	3,461
Provision for impairment of investment securities	4	**(1,900)**	(514)
Foreign exchange gain, net	7	**418**	233
Provision reversals	4	**469**	850
Other		**329**	69
Total non-interest income, net		**8,125**	8,452
Operating expenses			
Salaries and employee benefits		**3,791**	3,873
General and administrative expenses		**2,207**	2,108
Intangible amortization	5	**240**	220
Depreciation and amortization		**142**	169
Total operating expenses		**6,380**	6,370
Net income		**14,904**	15,901

STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY

For the years ended December 31, 2005 and 2004

	Notes	*Share Capital US$000*	*Reserve for Valuation of Available for Sale Financial Assets US$000*	*Loss in Translation of Forward Currency Contracts US$000*	*Retained Earnings US$000*	*Total Shareholder's Equity US$000*
At December 31, 2003		40,000	10,975	-	46,865	97,840
Net change in fair value of available-for-sale financial assets	4	-	(1,049)	-	-	(1,049)
Net income		-	-	-	15,901	15,901
Dividends paid		-	-	-	(14,000)	(14,000)
At December 31, 2004		40,000	9,926	-	48,766	98,692
Net change in fair value of available-for-sale financial assets	4, 13	-	**(1,228)**	-	-	**(1,228)**
Loss in translation of forward currency contracts	7, 13	-	-	**(119)**	-	**(119)**
Net income		-	-	-	**14,904**	**14,904**
Dividends paid		-	-	-	**(10,000)**	**(10,000)**
At December 31, 2005		**40,000**	**8,698**	**(119)**	**53,670**	**102,249**

STATEMENTS OF CASH FLOWS
For the years ended December 31, 2005 and 2004

	2005 *US$000*	*2004* *US$000*
Cash flows from operating activities		
Net income	**14,904**	15,901
Adjustments:		
Interest expense	**33,611**	23,858
Interest and dividend income	**(46,770)**	(38,864)
Provision relating to risk portfolio	**1,431**	851
Gain on sale of financial assets	**(3,887)**	(3,461)
Depreciation and amortization	**142**	169
Intangible amortization	**240**	220
Operating results before working capital changes	**(329)**	(1,326)
Loans	**(10,194)**	2,844
Other interest-bearing deposits with banks	**(59,285)**	(20,577)
Deposits	**244,985**	55,501
Net cash flows generated from operations	**175,177**	36,442
Interest paid	**(31,535)**	(22,613)
Interest and dividends received	**44,424**	38,868
Net changes in other assets and other liabilities	**(1,488)**	3,273
Net cash flows from operating activities	**186,578**	55,970
Cash flows from investing activities		
Purchases of financial assets	**(434,641)**	(242,374)
Disposal of financial assets	**368,414**	189,512
Acquisition of premises and equipment	**(56)**	(287)
Intangible asset	**-**	(1,269)
Net cash flows used in investing activities	**(66,283)**	(54,418)
Cash flows from financing activities		
Purchased funds	**(2,165)**	2,587
Borrowed funds	**(7,499)**	10,470
Dividends paid	**(10,000)**	(14,000)
Net cash flows used in financing activities	**(19,664)**	(943)
Net increase in cash and cash equivalents	**100,631**	609
Cash and cash equivalents at January 1	**56,978**	56,369
Cash and cash equivalents at December 31	**157,609**	56,978

NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004

1. Corporate Information

The financial statements were approved for issue by President Carlos Muñoz on behalf of the Board of Directors of Atlantic Security Bank on February 16th, 2006.

Atlantic Security Bank (the Bank) is a wholly-owned subsidiary of Atlantic Security Holding Corporation (ASHC), incorporated under the laws of the Cayman Islands and operates under a Category "B" Banking and Trust license from the Government of the Cayman Islands. The Bank has also been granted a Mutual Fund Administrators license under the Mutual Funds Law of the Cayman Islands. The Bank is incorporated and domiciled in the Cayman Islands.

The ultimate parent company of ASHC is Credicorp Ltd., which is a limited liability company and is incorporated and domiciled in Bermuda. Credicorp has a primary listing on the New York Stock Exchange under quote symbol "*BAP*" with further listing in the Peruvian Stock Exchange.

The Bank provides investment banking, financial advisory, trading and investment services to Latin American customers. The Bank has a Branch in the Republic of Panama ("Panama Branch"), operating under an international license granted by the Banking Superintendency of Panama, allowing banks to conduct, exclusively from an office in Panama, transactions which are intended to take effect outside the country.

As of December 31, 2005 and 2004, the Bank employed 60 and 53 persons, respectively.

2.1 Basis of preparation

The financial statements have been prepared on an historical cost basis, except for the measurement at fair value of investments, derivative financial instruments and available-for-sale financial assets. The carrying values of such recognized assets and liabilities are adjusted to record variations in the fair values attributable to the risks that are being hedged.

Statement of compliance

The financial statements of Atlantic Security Bank have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board ("IASB").

Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004

2.2 Significant Accounting Judgments and Estimates

The preparation of the financial statements in conformity with International Financial Reporting Standards requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

2.3 Summary of Significant Accounting Policies

Cash and cash equivalents

For presentation purposes, in its statements of cash flows the Bank considers as cash and cash equivalents all highly liquid instruments with original maturities of three months or less. As of December 31, 2005, cash and cash equivalents are represented by deposits with banks and overnight placements.

Financial instruments

Financial instruments are used by the Bank to manage market risk, facilitate customer transactions, holding proprietary positions and meet financing objectives. Fair value is determined by the Bank based on available listed market prices or broker price quotations. Assumptions regarding the fair value of each class of financial assets and liabilities are fully described in Note 8 to the financial statements.

Financial risk management policies

The Bank's operations are exposed to a wide variety of financial risks, including the effects of changes in prices of debt and equity instruments, foreign currency rates and interest rates.

The Bank seeks to minimize and control its risk exposure establishing a variety of separate but complementary financial, credit, operational and legal reporting schemes. The Bank's Executive Committee, duly authorized by the Board of Directors, determines the type of business in which the Bank engages and, also approves guidelines for accepting customers, outlines the terms on which customer business is conducted and establishes the parameters for the risks that the Bank is willing to accept.

This Executive Committee is responsible for managing and monitoring all of the Bank's risk exposures. Risk exposures are managed through control limits established for position size and overall risk exposure limits. In addition, the Bank maintains proper segregation of duties, with credit review and risk- monitoring functions performed by bodies that are independent from business producing units.

NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004

2.3 Summary of Significant Accounting Policies (continued)

Interest income and expense

Interest income and expense is recognized in the statements of income for all interest-bearing instruments on an accrual basis applying the effective yield method to the actual purchase price. Interest income includes coupons earned on fixed income investment and accreted discount on debt instruments. When a loan becomes of doubtful collection, is written down to recoverable amount and interest income is thereafter recognized at the rate of interest which had been used to discount the future cash flows for the purpose of determining the recoverable amount.

Fees and commissions income

Fees and commissions are generally recognized on an accrual basis once service has been rendered. Loan origination fees are deferred and recognized over the life of the loan.

Investment securities and purchased loans

On January 1, 2000 the Bank adopted International Financial Reporting Standards No.39 (IFRS 39) – Financial Instruments: Recognition and Measurement. This Standard allows classification of investment securities and purchased loans into the following categories:

Trading – Financial assets that are readily realizable and are acquired with intent to profit from market fluctuations.

Held to Maturity – Financial assets with fixed maturities for which Management has the positive intention and ability to hold to maturity.

Available- for- Sale – Financial assets intended to be held for an indefinite period of time and may be sold in response to liquidity need, changes in interest rates or market value in shares.

The Bank has classified its entire investment portfolio and purchased loans as available-for-sale. Under this category, investment securities and purchased loans are initially recognized at cost (which includes the related costs of the transaction). Unrealized gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognized as a separate component of shareholder's equity. When the securities are disposed of or impaired, the related accumulated fair value adjustments are included in the income statement as gains and losses from investment securities. For quoted investments included in this category, market prices are used to determine fair value. The fair value of investment funds are determined by reference to the net asset values of the funds as provided by the respective administrators of such funds. While the fair value for purchased loans is based on the present value of expected cash flows.

NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004

2.3 Summary of Significant Accounting Policies (continued)

Investment securities and purchased loans (continued)

Management gives the appropriate classification to investments and purchased loans at the time of purchase and evaluates such classification on a regular basis. Purchases and sales of investments are recognized on trade date basis, i.e., is the date on which the Bank commits to purchase or sell the asset.

Originated loans and provision for possible loan losses

Loans originated by the Bank by providing money directly to the borrower or to a subparticipation agent at draw down, are shown as loans originated by the Bank and are carried at amortized cost, (the fair value of cash consideration given to originating those loans as is determinable by reference to market prices at origination date). Third party expenses, such as legal fees, incurred in securing a loan, are treated as part of the transaction cost. All loans and advances are recognized when cash is advanced to borrowers.

A provision for possible loan losses is established if evidence exists that the Bank will not collect all amounts due according to the original contractual terms of loans. The amount of said provision is the difference between the carrying amount and the recoverable amount, the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original loan's effective interest rate.

Foreign currency operations

Substantially all of the Bank's transactions are performed in U.S. Dollars. Foreign currency transactions are translated in to U.S. Dollars at the prevailing exchange rates as at the date of the transaction. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized on the income statement.

Translation differences on debt securities and other financial assets measured at fair value are included as foreign exchange gains or losses. The underlying translation differences on available-for-sale investments are included as unrealized gains or losses in shareholder's equity on the balance sheet, until their sale, in hence they are recognized on the income statement.

NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004

2.3 Summary of Significant Accounting Policies (continued)

Derivative financial instruments and hedging

The Bank uses derivative financial instruments such as foreign currency contracts to hedge its risks associated with foreign currency fluctuations.

Derivative financial instrument operations are recognized initially at cost in the balance sheet as commitment on the off-balance accounts and later are stated at fair value. The fair value of foreign currency exchange contracts are calculated by reference to current interest and exchange rates. The changes in fair value are recorded as assets when the fair value is positive and as liabilities when it is negative. The gain or loss related to changes in fair value is recorded into gain and loss statement of the period.

For the purpose of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognized asset or liability; or cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a forecasted transaction.

In connection with cash flow hedges (forward foreign currency contracts) to hedge firm commitments which meet the conditions for special hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity and the ineffective portion is recognized in net profit or loss. When the hedged firm commitment results in the recognition of an asset or a liability, then, at the time the asset or liability is recognized, the associated gains or losses that had previously been recognized in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability. For all other cash flow hedges, the gains or losses that are recognized in equity are transferred to the income statement in the same year in which the hedged firm commitment affects the net profit and loss, for example when the future sale actually occurs.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to net profit or loss for the year.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognized in equity is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is transferred to net profit or loss for the year.

NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004

2.3 Summary of Significant Accounting Policies (continued)

Premises and equipment

Premises and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and amortization. Depreciation is calculated on a straight-line basis over the useful life of the assets.

The carrying values of premises and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Intangible asset

Costs associated with maintaining computer software programmes are recognized as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Bank and will generate economic benefits exceeding costs beyond one year, are recognized as intangible asset.

Expenditures which enhances or extend the performance of computer software programmes beyond their original specifications are recognized as a capital improvement and therefore added to the original cost of the software. Computer software costs recognized as assets are amortized using the straight-line method over their useful lives, not exceeding 5 years.

Fiduciary activities

Assets and income arising from fiduciary activities, together with related undertakings to deliver such assets to customers, are excluded from these financial statements if the Bank acts in a fiduciary capacity such as a nominee, trustee or agent.

Income taxes

The Bank is not subject to taxation neither in the Cayman Islands nor in the Republic of Panama since its activities are carried offshore.

2.4 Adoption of International Financial Reporting Standards during the Year

During the year ended December 31, 2005, the Bank adopted all the amendments and new standards and interpretations emitted by the International Accounting Standard Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the (IASB) that are relevant for their operations and were issued for the fiscal period began January 1st, 2005.

NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004

3. Other Interest – Bearing Deposits with Banks

	2005 US$000	*2004 US$000*
Banco de Credito del Peru and subsidiaries (a subsidiary of Credicorp Ltd.)	**197,431**	137,074
Other financial institutions	**4,259**	5,331
	201,690	142,405

4. Risk Portfolio, Net

	2005 US$000	*2004 US$000*
Available-for-sale financial assets, net	**520,529**	453,194
Loan portfolio, net	**159,302**	149,108
	679,831	602,302

Available-for-sale financial assets

	2005			
	Cost US$000	*Gross unrealized gain US$000*	*Gross unrealized loss US$000*	*Fair value US$000*
Federal Agencies notes – U.S.	**68,867**	**-**	**(1,071)**	**67,796**
U. S. corporate bonds	**198,810**	**1,259**	**(3,700)**	**196,369**
Non – U. S. Corporate bonds	**102,831**	**144**	**(566)**	**102,409**
Equity securities (including mutual funds)	**53,871**	**12,004**	**(1,521)**	**64,354**
Sovereign debt	**89,425**	**226**	**(702)**	**88,949**
Purchased loans	**652**	**-**	**-**	**652**
	514,456	**13,633**	**(7,560)**	**520,529**
Less:				
Provision for impairment of financial assets	**(2,625)**	**-**	**2,625**	**-**
	511,831	**13,633**	**(4,935)**	**520,529**

NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004

4. Risk Portfolio, Net (continued)

Available-for-sale financial assets (continued)

	2004			
	Cost US$000	*Gross unrealized gain US$000*	*Gross unrealized loss US$000*	*Fair value US$000*
Federal agencies notes – U.S.	43,407	5	(174)	43,238
U. S. corporate bonds	212,090	3,959	(2,411)	213,638
Other countries corporate bonds	62,042	860	(82)	62,820
Equity securities (including mutual funds)	58,015	5,264	(372)	62,907
Sovereign debt	43,214	431	(39)	43,606
Purchased loans	26,985	-	-	26,985
	445,753	10,519	(3,078)	453,194
Less:				
Provision for impairment of financial assets	(2,485)	-	2,485	-
	443,268	10,519	(593)	453,194

Fair value for available-for-sale financial assets portfolio is represented by available market quotations of markets where investments are actively traded and discounted cash flows for purchased loans. Amounts reported in the statement of income relating to gains on available-for-sale financial assets are detailed as follows at December 31:

	2005 US$000	*2004 US$000*
Realized gains on sales of financial assets	**3,887**	3,461

At December 31, the available-for-sale financial assets is summarized as follows:

	2005 US$000	*2004 US$000*
Balance at January 1st	**453,194**	398,336
Purchases	**434,641**	242,374
Disposals and written-off, net	**(366,078)**	(186,467)
Loss from changes in fair value	**(1,228)**	(1,049)
Balance at December 31	**520,529**	453,194

NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004

4. Risk Portfolio, Net (continued)

Loan portfolio, net

	2005 *US$000*	*2004* *US$000*
Corporate:		
Manufacturing	**40,212**	44,423
Commercial	**20,694**	30,953
Financial services	**44,820**	18,069
Agriculture	**10,530**	7,224
Real estate and construction	**9,436**	16,522
Mining and other related activities	**1,282**	9,592
Transportation and communications	**9,540**	7,784
Public utilities	**14**	1,289
Education, health and other services	**1,317**	1,036
Fishing	**5,217**	6,465
	143,062	143,357
Personal loans and others	**19,149**	8,947
	162,211	152,304
Less: provision for loan losses	**(2,909)**	(3,196)
	159,302	149,108

As of December 31, 2005, the loans portfolio are guaranteed with cash was up to US$63,616,165 (2004: US$86,412,914), which were matched in amount and maturity.

The distribution for loan portfolio by type of interest rates is as follows:

	2005 *US$000*	*2004* *US$000*
Fixed interest rates	**124,909**	122,951
Floating interest rates	**37,302**	29,353
	162,211	152,304

NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004

4. Risk Portfolio, Net (continued)

Loan portfolio, net (continued)

A summary of the loans portfolio by the geographic location of the borrowers and the respective collateral is as follows:

		2005 Loan Collaterals			
	Carrying value US$000	*U. S. securities and real estate US$000*	*U. S. dollar deposits US$000*	*Other collateral US$000*	*Uncollate-realized portion US$000*
Bermuda	**14,555**	**4,500**	**-**	**-**	**10,055**
Bolivia	**5,120**	**-**	**120**	**-**	**5,000**
Brazil	**5,896**	**-**	**-**	**-**	**5,896**
British Virgin Islands	**5,827**	**2,619**	**475**	**2,579**	**154**
Chile	**1,715**	**-**	**1,715**	**-**	**-**
Colombia	**10,268**	**70**	**9,183**	**15**	**1,000**
Costa Rica	**2,500**	**-**	**-**	**-**	**2,500**
El Salvador	**9,382**	**-**	**-**	**107**	**9,275**
Grand Cayman Islands	**6,803**	**777**	**-**	**6,026**	**-**
Guatemala	**3,813**	**-**	**-**	**-**	**3,813**
Mexico	**5,566**	**-**	**-**	**-**	**5,566**
Nicaragua	**3,285**	**-**	**-**	**-**	**3,285**
Panama	**8,861**	**1,279**	**1,071**	**6,480**	**31**
Peru	**73,778**	**3,073**	**55,035**	**11,143**	**4,527**
United States of America	**4,842**	**100**	**1,743**	**2,999**	**-**
	162,211	**12,418**	**69,342**	**29,349**	**51,102**

		2004 Loan Collaterals			
	Carrying value US$000	*U. S. securities and real estate US$000*	*U. S. dollar deposits US$000*	*Other collateral US$000*	*Uncollate-realized portion US$000*
Bolivia	9,530	-	30	-	9,500
British Virgin Islands	3,922	521	-	2,002	1,399
Chile	1,215	-	1,215	-	-
Colombia	7,355	77	7,263	15	-
Dominican Republic	288	-	-	-	288
El Salvador	2,627	-	-	152	2,475
Grand Cayman Islands	2,735	-	-	2,735	-
Marshall Islands	1,500	-	1,500	-	-
Nicaragua	6,000	-	-	3,800	2,200
Panama	10,530	1,905	1,055	7,570	-
Peru	103,334	1,557	79,685	11,268	10,824
United States of America	3,268	812	271	2,185	-
	152,304	4,872	91,019	29,727	26,686

NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004

4. Risk Portfolio, Net (continued)

Changes in the provision for impairment of investment securities and provision for loan losses are as follows:

		2005	
	Provision for impairment of financial assets US$000	*Provision for loan losses US$000*	*Total US$000*
Balance at January 1st	**2,485**	**3,196**	**5,681**
Increase	**1,900**	**-**	**1,900**
Reversion	**(219)**	**(250)**	**(469)**
Written-off	**(1,541)**	**(37)**	**(1,578)**
Balance at December 31	**2,625**	**2,909**	**5,534**

		2004	
	Provision for impairment of financial assets US$000	*Provision for loan losses US$000*	*Total US$000*
Balance at January 1st	3,335	4,761	8,096
Increase	514	1,187	1,701
Reversion	(100)	(750)	(850)
Written-off	(1,264)	(2,002)	(3,266)
Balance at December 31	2,485	3,196	5,681

5. Intangible Asset, Net

	2005 US$000	*2004 US$000*
Intangible	**1,269**	1,269
Less: accumulated amortization	**(460)**	(220)
	809	1,049

NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004

6. Other Borrowed Funds

At December 31, 2005 the Bank maintained borrowed funds with affiliates related to short-term obligations for US$2,970,930 (2004: short-term obligation with financial institutions US$10,470,000, collateralized with repurchase agreement of financial assets for US$10,398,000).

The following table details other borrowed funds:

	2005 US$000	*2004 US$000*
Amount at the end of the year	**2,971**	10,470
Average during the year	**5,265**	2,046
Maximum at any month end	**9,000**	10,470

7. Balances and Transactions with Related Parties

The term "related parties" is defined by Management to encompass other affiliated parties over which exists control or significant influence through common ownership, management or directorships. In the ordinary course of its business the Bank has incurred transactions with related parts such as shareholders, non-consolidated companies; directors and key management personnel.

	2005 US$000		*2004 US$000*	
	Directors, key management personnel and other related parties	**Affiliates**	Directors, key management personnel and other related parties	Affiliates
Balance Sheets				
Assets:				
Interest-bearing deposits with banks	-	**2,956**	-	1,239
Other interest-bearing deposits with banks	-	**197,431**	-	137,074
Risk portfolio:				
Investments in financial instruments, mutual funds managed by the Bank and other related parties	**7,463**	**211**	6,384	-
Loans	**16,816**	**11,855**	14,434	297
Accumulated interest receivable	**75**	**2,461**	110	1,474
Liabilities:				
Deposits (demand and time)	**53,466**	**4,823**	24,729	6,545
Other borrowed funds	-	**2,971**	-	-
Forward currency contracts	-	**119**	-	-
Accumulated interest payable	**760**	**76**	64	1
Other liabilities	-	**321**	-	314

NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004

7. Balances and Transactions with Related Parties (continued)

For the years ended 31 December 2005 and 2004, the Bank has not made any provision for doubtful debts relating to amounts owed by related parties. The loans that counted on tangible guarantees as financial goods and values ascended to US$11,816,190 (2004: US$5,230,141).

	2005 *US$000*		*2004* *US$000*	
	Directors, key management personnel and other related parties	**Affiliates**	Directors, key management personnel and other related parties	Affiliates
Off-balance sheets:				
Forward currency contracts	-	**18,709**	-	8,062
Commitments for letters of credit	-	**250**	-	959
Investment on behalf of customers	**410,233**	-	422,548	-
Guarantees received	-	**1,200**	-	1,945
Guarantees granted	-	**233,183**	-	173,650
Statements of income transactions:				
Interest and dividend income	**758**	**13,802**	501	10,962
Interest expense	**1,714**	**241**	438	87
Fee and commission income	**4,833**	-	2,110	-
Fee and commission expense	-	**1,314**	-	1,257
Net realized gain on sale of financial assets	-	-	-	158
Net realized gain on foreign exchange	-	**1,174**	-	-

At December 31, 2005, loans receivable from related parties of US$27,734,980 (2004: US$41,099,529), are not included in the balance sheets due to the fact that full risk participations have been sold off to customers without recourse to the Bank.

As of December 31, 2005, the interest-bearing deposits with banks include deposits with Banco de Credito del Peru and Subsidiaries for US$197,430,548 (2004: US$137,073,872), where full risk participation has been sold off to customers without recourse to the Bank and the full amount is guaranteed by deposits received from customers.

NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004

8. Financial Risk Management

Capital adequacy

The Bank monitors its capital adequacy using ratios said to be comparable to those suggested by the Basle Committee on Banking Regulations and Supervisory Practices. The capital adequacy ratio measures capital adequacy by comparing the Bank's eligible capital with its balance sheet assets, off-balance sheet commitments and other risk positions at a weighted amount. These internal ratios are based on an Internal Value At Risk model. The Value At Risk measure used by the Bank is an estimate of the potential loss that might occur if assets remained unchanged during a specific period of time and downward market volatility affects the general risk exposures (interest rate, market and credit risk) of the Bank.

The market risk approach used by the Bank to calculate its capital requirements covers the general market risk of the Bank's operations and the specific risks of open positions in currencies and debt, and equity securities included in the risk portfolio. Assets are weighted according to broad categories of notional credit risk, and assigned a risk weighting average according to the capital amount deemed necessary to support them. Four categories of risk weights (0, 20, 50, 100) are applied. For example cash and cash collateralized loans have zero risk weighting, which means no capital is required to support holding these assets. Premises and equipment carry a 100% risk weighting, meaning they must be supported by capital equal to 15% of the amount shown.

The Bank is subject to regulatory capital requirements established by the Cayman Islands Monetary Authority ("CIMA"). Failure to meet minimum capital requirements can initiate certain actions by the regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines used by CIMA and prescribed under The Banks and Trust Companies Law (Revised) of the Cayman Islands, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by CIMA about components and risk weightings.

NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

8. Financial Risk Management (continued)

Capital adequacy (continued)

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios of capital.

The Bank's actual capital amount and its risk asset ratio, pursuant to CIMA reporting schedules as well as CIMA's minimum requirements, are presented in the following table:

Balance sheet assets and off-balance sheet positions (Net of provision)	*Weight %*	*Nominal amount US$000*	*Weighted assets US$000*
Cash	0	35	-
Deposits with banks granted to third parties	0	201,690	-
Deposits with banks	20	157,574	31,515
Available-for-sale securities zone A, government and banks-up to 1 year	20	83,575	16,715
Financial assets available-for-sale	100	436,954	436,954
Cash collateralized loans	0	69,340	-
Loans covered by bank guarantees	20	1,636	327
Other loans	100	88,325	88,325
Premises and equipment	100	180	180
Other assets	100	15,194	15,194
Letters of credit	100	9,265	9,265
Short term letters of credit	20	304	61
Cash covered letters of credit	0	30,730	-
Assets pledged on behalf of third parties	100	1,552	1,552
Total risk weighted assets			600,088
Capital base			102,249
Capital adequacy ratio as of December 31, 2005			**17.00%**
Capital adequacy ratio as of December 31, 2004			18.76%
Minimum capital adequacy regulatory ratio			**15%**

NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004

8. Financial Risk Management (continued)

Credit risk

The Bank takes on exposure to credit risk, the risk that a counterparty will be unable to pay all amounts in full when due. The Bank structures the credit risk levels it accepts by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers, or geographical segment. Such risks are monitored on a revolving basis and subject to periodic review. Limits on levels of credit by product and country are reviewed and approved quarterly by the Board of Directors.

Financial assets which potentially subject the Bank to concentrations of credit risk consist primarily of cash and cash equivalents, interest-bearing deposits with banks, certain available-for-sale investment securities, loans and other assets. Cash and cash equivalents and interest bearing deposits with banks are placed either with related parties or reputable financial institutions. An analysis of the Bank's available-for-sale securities and loans is provided in Note 4.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations, and by adjusting lending limits as appropriate. Exposure to credit risk is also managed in part by obtaining collateral, corporate and personal guarantees.

Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to customers as required. Guarantees and stand-by letters of credit, which represent irrevocable assurances that the Bank will execute payments in the event that a customer cannot meet its obligations to third parties, carry the same risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Bank on behalf of a customer authorizing a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions, are collateralized by the underlying shipments of goods to which they relate and therefore carry less risk than a direct borrowing.

The Bank's credit policies and procedures to approve credit commitments, guarantees and commitments to purchase and sell securities are the same as those applicable to extension of credits which are on balance sheet and take into account their collateral and other security, if any.

NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004

8. Financial Risk Management (continued)

Interest rate risk

The Bank takes on exposure to the effects of fluctuations at the prevailing level of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes, but may reduce or create losses in the event that unexpected movement materializes.

The table below summarizes the Bank's exposures to interest rate risk. Included in the table are the Bank's assets and liabilities at carrying amounts, categorized by the earlier of contractual repricing or maturity dates.

			2005				
Assets	*Up to 1 month US$000*	*1 to 3 months US$000*	*3 to 12 months US$000*	*1 to 5 years US$000*	*Over 5 years US$000*	*Non interest bearing US$000*	*Total US$000*
Cash and cash equivalents	157,574	-	-	-	-	35	157,609
Due from banks	30,016	66,643	89,397	15,425	209	-	201,690
Financial assets	26,472	65,277	107,451	163,077	93,899	64,353	520,529
Loans	38,136	45,103	58,827	16,741	495	-	159,302
Other assets	-	-	-	-	-	15,374	15,374
	252,198	177,023	255,675	195,243	94,603	79,762	1,054,504
Liabilities	*Up to 1 month US$000*	*1 to 3 months US$000*	*3 to 12 months US$000*	*1 to 5 years US$000*	*Over 5 years US$000*	*Non interest bearing US$000*	*Total US$000*
Deposits:							
Non-interest Bearing	-	-	-	-	-	30,438	30,438
Interest bearing	302,918	209,083	280,753	110,871	329	-	903,954
Purchased funds	3,364	-	-	-	-	-	3,364
Other borrowed funds	-	1,483	1,488	-	-	-	2,971
Other liabilities	-	-	-	-	-	11,528	11,528
	306,282	210,566	282,241	110,871	329	41,966	952,255
Total interest sensitivity gap	(54,084)	(33,543)	(26,566)	84,372	94,274		

NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004

8. Financial Risk Management (continued)

Interest rate risk (continued)

				2004			
Assets	*Up to 1 month US$000*	*1 to 3 months US$000*	*3 to 12 months US$000*	*1 to 5 years US$000*	*Over 5 years US$000*	*Non interest bearing US$000*	*Total US$000*
Cash and cash equivalents	42,925	14,020	-	-	-	33	56,978
Due from banks	40,997	58,805	40,162	2,441	-	-	142,405
Financial assets	7,948	23,822	78,586	236,034	49,473	57,331	453,194
Loans	32,966	21,381	71,254	23,090	417	-	149,108
Other assets	-	-	-	-	-	13,008	13,008
	124,836	118,028	190,002	261,565	49,890	70,372	814,693

Liabilities	*Up to 1 month US$000*	*1 to 3 months US$000*	*3 to 12 months US$000*	*1 to 5 years US$000*	*Over 5 years US$000*	*Non interest bearing US$000*	*Total US$000*
Deposits:							
Non-interest bearing	-	-	-	-	-	34,454	34,454
Interest bearing	174,530	184,308	190,214	105,901	-	-	654,953
Purchased funds	5,530	-	-	-	-	-	5,530
Other borrowed funds	10,470	-	-	-	-	-	10,470
Other liabilities	-	-	-	-	-	10,594	10,594
	190,530	184,308	190,214	105,901	-	45,048	716,001
Total interest sensitivity gap	(65,694)	(66,280)	(212)	155,664	49,890		

The table below summarizes the weighted average interest rates for assets and liabilities as of December 31:

	2005 %		*2004 %*	
	End of year	***During the year***	*End of year*	*During the year*
Assets				
Interest - bearing deposits with banks	**6.05**	**6.71**	6.65	6.63
Financial assets	**5.20**	**4.24**	4.82	4.44
Loans	**7.18**	**6.41**	6.48	6.48
Liabilities				
Deposits	**5.18**	**4.51**	4.19	4.05
Borrowed funds	**4.38**	**3.92**	1.88	2.06

NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004

8. Financial Risk Management (continued)

Liquidity risk

The Bank is exposed to daily calls on available cash resources from overnight deposits, current accounts, maturing deposits, loan draw downs and guarantees. The Bank does not maintain cash resources to meet all of these needs, as experience with its specific customer base shows that a minimum level of reinvestment of maturing can be predicted with a high degree of certainty. At December 31, 2005 and 2004, the Bank holds a substantial amount of investment grade securities which Management considers a secondary of liquidity source.

The table below analyzes the Bank's assets and liabilities into relevant maturity groupings based on the time remaining from balance sheet date to the contractual maturity date.

2005

Assets	*Up to 1 month US$000*	*1 to 3 months US$000*	*3 to 12 months US$000*	*1 to 5 years US$000*	*Over 5 years US$000*	*Without maturity/ past due loans US$000*	*Total US$000*
Cash and cash equivalents	157,609	-	-	-	-	-	157,609
Due from banks	30,016	66,643	89,397	15,425	209	-	201,690
Financial assets	11,327	14,533	104,090	217,244	108,982	64,353	520,529
Loans	27,605	40,360	62,784	25,895	2,658	-	159,302
Other assets	-	-	-	-	-	15,374	15,374
Total assets	226,557	121,536	256,271	258,564	111,849	79,727	1,054,504

Liabilities	*Up to 1 month US$000*	*1 to 3 months US$000*	*3 to 12 months US$000*	*1 to5 years US$000*	*Over 5 years US$000*	*Without maturity/ past due loans US$000*	*Total US$000*
Deposits:							
Non-interest bearing	30,438	-	-	-	-	-	30,438
Interest bearing	302,917	209,083	280,754	110,871	329	-	903,954
Purchased funds	3,364	-	-	-	-	-	3,364
Other borrowed funds	-	1,483	1,488	-	-	-	2,971
Other liabilities	-	-	-	-	-	11,528	11,528
Total liabilities	336,719	210,566	282,242	110,871	329	11,528	952,255
Net liquidity gap	(110,162)	(89,030)	(25,971)	147,693	111,520	68,199	102,249

2004

Total assets	100,487	124,861	207,488	261,627	49,891	70,339	814,693
Total liabilities	222,788	184,361	192,332	105,926	-	10,594	716,001
Net liquidity gap	(122,301)	(59,500)	15,156	155,701	49,891	59,745	98,692

NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

8. Financial Risk Management (continued)

Liquidity risk (continued)

The matching and controlled mis-matching of the maturities and interest rates of assets and liabilities is fundamental to the Management of the Bank. It is unusual for banks ever to be completely matched since business transacted is often for uncertain terms and of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Bank and its exposure to changes in interest rates and exchange rates.

Liquidity required to support calls under guarantees and stand-by letters of credit are considerably less than the amount of the commitment because the Bank does not generally expect the third party to draw funds under agreement. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash needs, since many of these commitments will expire or terminate without actually being funded.

Fair value of financial instruments

Fair value is the amount at which a financial instrument could be realized in a current transaction between parties at arm's length, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, should exists it.

For quoted investments, market prices are used to determine the fair value of such investments. The fair value of investment funds is determined by reference to the net asset values of the funds as provided by the respective administrators of such funds.

The following summary presents the methodologies and assumptions used to estimate the fair value of the Bank's financial instruments:

- *Cash and due from banks, interest bearing deposits with banks, federal funds sold and overnight placements.* The fair values of these financial assets are considered to approximate their respective carrying values due to their short-term nature.

NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004

8. Financial Risk Management (continued)

Fair value of financial instruments (continued)

- *Available-for-sale-securities.* The fair values are based on quoted market values of securities and net asset value of the shares of investment funds as reported by the administrators of the investee funds.

- *Loans.* The fair value of the loan portfolio approximates its carrying value due to either the short- term nature of loans and/or the fact that the loan portfolio is composed mainly of cash collateral loans.

- *Deposits, purchased funds and other borrowed funds.* The fair value of these financial liabilities approximates their respective carrying values due to either their short-term nature and/or the fact that their interest rates are comparable to those available for liabilities with similar terms and conditions.

9. Share Capital

The number of authorized, issued and outstanding ordinary shares of the Bank as of December 31, 2005 and 2004 were 40,000,000 at US$1 per share.

10. Commitments and Contingencies

The financial statements do not reflect various commitments and contingencies which arise in the normal course of business and which involve elements of credit and liquidity risk. Among them are commercial letters of credit, stand by letters of credit and guarantees plus commitments to purchase and sell securities. The commitments and contingencies consist of:

	2005	*2004*
	US$000	*US$000*
Commercial letters of credit	**304**	959
Stand by letters of credit and guarantees	**39,995**	34,184
Assets pledged on behalf of third parties (Note 7)	**205,242**	141,955

NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004

10. Commitments and Contingencies (continued)

Commercial and stand by letters of credit and guarantees include exposure to credit risk in the event of nonperformance by customers. Risks also arise from the possible nonperformance by the counterparty to the transactions.

Since stand-by letters of credit and guarantees have fixed maturity dates and many of them expire without being drawn upon, they do not generally present a significant liquidity risk to the Bank.

11. Fiduciary Activities

The Bank provides custody, trustee, investment management and advisory services to third parties which involve the Bank in making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Such assets as are held in a fiduciary capacity are not included on these financial statements. These services might give rise to the risk that the Bank might be accused of failing to fulfill fiduciary duties and responsibilities.

Assets managed on behalf of customers by the Bank comprised loans and investment securities totaling US$1,017,011,681 and US$758,521,208 in 2005 and 2004, respectively. These assets include mutual funds with net assets of US$410,223,090 and US$422,548,674, according to statements of net assets prepared by the funds' management at December 31, 2005 and 2004.

12. Concentration of Assets and Liabilities

At December 31, 2005 and 2004, the geographic concentration of significant assets (cash and cash equivalents, interest–bearing deposits with banks and risk portfolio) and liabilities (deposits, purchased funds and other borrowed funds) is as follows:

	2005	
	Assets	*Liabilities*
	US$000	*US$000*
Latin America and the Caribbean	**564,959**	**937,802**
United States of America	**467,855**	**2,438**
Other countries	**6,316**	**487**
	1,039,130	**940,727**

NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004

12. Concentration of Assets and Liabilities (continued)

	2004	
	Assets *US$000*	*Liabilities* *US$000*
Latin America and the Caribbean	434,355	699,706
United States of America	342,037	4,989
Other countries	25,293	712
	801,685	705,407

13. Forward Contracts

At December 31, 2005, the Bank held four forward foreign currency contracts recorded as off-balance account in the balance sheet. These contracts constitute financial derivative instruments with hedge of fair value on investments available for the sale in foreign currency. Foreign currency forward contracts are contractual obligations to receive or pay a net amount based on changes in currency rates on a future date at a specified price. The hedge forward contracts are being used to reduce the exposure to foreign exchange risk. However, the risk of default of the term and conditions by the counterparty does exist.

The terms of these contracts are as follows:

	Maturity	*Exchange rate*
Buy		
US$ 924,269	June 1st, 2006	PEN$/US$ 3.38160
US$ 3,057,654	January 3rd, 2006	PEN$/US$ 3.43401
US$ 3,687,112	January 3rd, 2006	PEN$/US$ 3.43401
US$ 10,920,194	January 9th, 2006	PEN$/US$ 3.43401

At December 31, 2004, the Bank held three forward foreign currency contract to hedge future sale PEN$26,491,426 (US$8,106,312) and three contract to hedge future purchases PEN$26,491,426 (US$8,106,312) all of them with maturity less than one year, with an exchange rate of US$/PEN$3.268.